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International Affairs

Debt Reduction Agreement With UK Signed

92AF0830D London *AL-SHARQ AL-AWSAT* in Arabic
14 May 92 p 10

[Text] Cairo—Yesterday Egypt and the United Kingdom signed an agreement reducing by 50 percent Egypt's debts, which amount to \$850 million, to be paid over 22 years after their rescheduling.

First Deputy Minister of International Cooperation, Dr. Hasan Salim, who signed on behalf of Egypt, said that this agreement reduced the total of these debts of Egypt's by 50 percent. He explained that Egypt would complete rescheduling of all its debts owed to the Paris Club states (17 countries) by next June.

He said that a German delegation would visit Cairo at the end of the current week to agree on a rescheduling of Egypt's debts to Germany, estimated in total at nearly 870 million Deutsche marks, in accordance with Paris Club terms signed by Egypt and the creditor states.

Regional Affairs

Multinational Talking Points Reviewed

92AF0831A London *AL-HAYAH* in Arabic 7 May 92 p 3

[Article by Muhammad 'Allam: "Egypt Proposes 'Security Balance' System With Israel, Defines Four Points for Regional Cooperation, Forms Delegations to Meetings of Committees Emanating from Multilateral Negotiations"]

[Text] Cairo—Egypt has formed its delegations to the five regional working committees emanating from the multilateral negotiations to be held beginning 11 May in five capitals: Washington, Brussels, Ottawa, Vienna, and Tokyo. Egyptian working papers containing its points of view have been prepared on issues of arms limitation, economic development, refugees, water, and the environment.

AL-HAYAH has learned that Mr. 'Amr Musa, Egypt's foreign minister, commissioned the committee preparing Egypt's negotiating strategy in the multilateral talks, and that it has consulted a number of international and Arab capitals, exchanging viewpoints on projects for regional cooperation between Arabs and Israelis should a just peace be achieved.

Egypt has outlined ideas containing these four preconditions for regional cooperation:

- Total withdrawal from the Arab lands occupied in 1967, including East Jerusalem,
- implementation of Security Council resolutions 242 and 338 in accordance with their international understanding and interpretation,
- attainment by the Palestinian people of their legitimate national and political rights, and
- removal of weapons of total destruction from the region, without exception as to state or weapon.

Following are the contents of the Egyptian studies:

First, disarmament: The study outlines the central points felt to be essential for achieving an "Arab-Israeli security

balance," allows for security boundaries which do not conflict with the sovereignty of states bordering Israel, and proposes a "security balance concept," based on the principle of "security in exchange for security."

Cairo proposes setting priorities for steps to remove weapons of total destruction and control conventional arms in a manner that makes it unlikely that one party could realize its interests at the expense of other parties. This requires starting with the removal of weapons of total destruction of all types from all countries of the region, as an acceptable prerequisite to steps to control conventional armament.

Egypt also proposes that Israel sign the treaty banning the spread of nuclear weapons, and that a mission from the International Atomic Energy Agency inspect Israeli nuclear programs and installations.

Egyptian ideas stress the need to establish a system to monitor weapons imports which is intimately linked to the requirements of peace, stability, and security in the region, that sets fixed standards, that is applied without exception, and entails major arms exporting countries respecting the system's provisions by establishing controls to prevent the illegal export of arms, especially to Israel.

Second, water: According to the water study, the region will face a serious shortage of water resources when measured against anticipated requirements of the next 20 years. Cooperation could be established on the basis of mutual interests and in the cause of peace, security, and stability in a manner that would achieve abundance and prosperity for the peoples of the region.

Egypt feels that cooperation in this area is impossible as long as Israel continues to exploit water resources in occupied areas. This requires the establishing of legitimate Arab and Palestinian rights, which in turn could lead to specialists from both the Arab and Israeli sides studying joint ventures to develop water resources and find new ones.

Third, environmental cooperation: Egypt is aware that environmental pollution crosses geographical boundaries. Hence, it sees a need to establish Arab-Israeli cooperation in this area in coordination with the advanced industrial countries and United Nations [UN] programs, and through the exchange of experts. It proposes that a regional agency be set up to protect the area's environment.

Fourth, economic development: The Egyptian studies did not define specific forms [for economic development]. Egypt considers its door open to bilateral and multilateral agreements regarding the free movement of capital and labor, and the establishment of joint companies for mutual benefit through government participation or the activities of businessmen. It does not rule out establishment of a joint chamber of commerce and industry or businessmen's associations.

Fifth, refugees: Egypt considers UN General Assembly resolution 114 of 1949 to be the authoritative basis for resolving the Palestinian refugee problem.

The Egyptian delegation to meetings of the arms limitation committee to be held in Washington from 11 to 14 May is reported to include Mr. Nabil Fahmi, counselor in the office of the foreign minister, and retired Major General Ahmad

Fakhr. The delegation to the economic cooperation committee to be convened in Brussels from 11 to 13 May includes Ambassador Mirvat al-Tallawi, director of the economic department at the foreign ministry, and Dr. Hazim al-Biblawi, board chairman of the Egyptian Export Development Bank. The Egyptian delegation to the refugee committee meetings to be held from 13 to 15 May in Ottawa includes Dr. Rida Shihatah, director of the international organizations department, and Amb. Ahmad 'Uthman.

The delegation to the water committee that will convene in Vienna during the same period includes Amb. Fawzi al-Ibrashi, assistant to Egypt's foreign minister, Dr. Salah 'Amir, professor of international law, and Dr. Mahmud Abu-Zayd, director of the Water Research Center. The delegation to the environment committee that will meet in Tokyo from 18 to 19 May includes counselor Hajir al-Islambuli, director of the environment department, and Dr. Muhammad 'Abd-al-Rahman Fawzi, director of projects to protect water and shores at the Environment Agency.

Islam Said No Threat to Western Culture
92AF0749A London *AL-SHARQ AL-AWSAT* in Arabic
3 May 92 p 16

[Article by Basyuni al-Hulwani: "Islam No Danger to Western Culture; Disregarding Muslims in World Order Will Block World Peace"]

[Text] The erroneous concepts that were repeatedly mentioned about Islam and its culture in the forum "America, Islam, and the challenges of the Nineties", organized a few days ago by the American Institute of Middle Eastern Studies [as published, presumably The Middle East Institute] in Washington, caused widespread reactions among the ulema and Islamic intellectuals, since those concepts represent a new escalation of misunderstanding and alleged fears about Islam and its threat to Western culture.

The ulema and Islamic intellectuals stressed to AL-SHARQ AL-AWSAT that Islam is a religion of love and tolerance, and is no danger or threat to Western culture or any new world order. The spirit of hostility toward Islam from political, educational, and intellectual circles in the West must end. We are at a stage in which the world is searching for unity and harmony. All communities and peoples must coexist in a climate dominated by friendship, love, and mutual effort, avoiding fanaticism and doctrinal and ideological clashes.

At the outset, the senior Islamic cleric [al-da'iyah] Shaykh Muhammad al-Ghazali, emphasized that "Western enmity toward Islam, and the West's alleged fear of Islam, are nothing new. It did and still does exist. It takes many diverse forms, which differ from age to age."

However, Shaykh al-Ghazali added: "It is strange that the West, with its scientific superiority and control over the destinies of communities and peoples, continues to succumb to ancient hatreds and antiquated ideas and precepts, by which the West sends a message to the people that is not defined by intellect nor balanced by conscience. The West still unconsciously fights against us and follows the path of its forefathers in the Middle Ages, demanding so-called revenge. Consequently, in its policies, the West emphasizes fabricated, Crusader secret hatreds, which do not require a

sharp eye to see. Poison is being dropped on Islam and its people, and on Arabism and its race."

Shaykh al-Ghazali made it clear that Islam is not a danger to any specific community or race. He was surprised by the degradation and bigotry. He believes that the prejudice of those who are biased against Islam gives us a suitable opportunity to clarify its message, explain its history, and refute the lies directed against it. Islam is anxious to respect the individual's differences. Therefore, it has not imposed one word of what is permitted and what is forbidden on him, nor forced him to submit to its religious laws. On the contrary, it leaves people of religion and their beliefs alone.

Islam is not based on oppressing those who differ with it, nor on taking away their rights, forcibly converting them from their beliefs, unjustly taking their property, or shedding their blood. The history of Islam in this regard is the purest history on the face of the earth. There is no other religion that can approach its tolerance and indulgence.

As Shaykh al-Ghazali says, "It is strange that Islam's enemies intentionally pretend to be unaware of these facts. They want to be unaware of Islam's history, or rather, they want to attach lies to Islam that never existed in Islam's ancient or modern history. They accuse Islam of harming those who differ with it, and making them do so-and-so, as if they wanted that to happen, aside from humiliating Islam and upsetting the trust of Christians and Jews in the Muslim majority, which has lived with them in peace for generations.

"We are confident that the web of lies will fall short, and that Islam's teachings will not be affected by attempts to lie and quarrel. The course of our religion will remain high, because of its moderation and tolerance, no matter what lies they spread about Islam."

Alleged Fear

Islamic intellectual Dr. Muhammad 'Amarah stresses that the West's hostile position vis-a-vis Islam, its community, culture, and world, is an ancient one, or rather, it began with the emergence of Islam. The Islamic conquests liberated the East from the hegemony of the Byzantine Roman Empire. However, the West, in the Crusades, regained hegemony over the East. After it was defeated, the West brought about the Zionist entity and another intellectual invasion.

Dr. 'Amarah explained that "This enmity has increased since the late seventies, with the expansion of Islamic consciousness and the spirit of jihad in Afghanistan. Within a few years, after the fall of Marxism and its regimes, and the return of unity to the Western culture, the new attacks against Islam began. This is new in the escalation of Western hostility toward Islam and its community, culture, and world.

"Because space does not permit a long discourse about the conferences and studies, I want to call attention to a program about these studies, and I call on the centers of Islamic research and studies to make a biographical list of these sorts of studies and conferences. For example, in January 1990, the magazine *INTERNATIONAL AFFAIRS*, which is published by Cambridge in England, and is one of the most important specialized academic magazines, published an article concerning current ideas about Islam in the West and why, since the collapse of communism, Islam is

now the West's enemy, because it is opposed to secularism. It showed that Islamic religious belief has been saved from the influence of industrialization and modern science. Islam is the primary and sole challenge to Western culture, which sees its thinking and culture as the sole, absolute ideal. It is not merely one culture among many world cultures."

Dr. 'Amarah cited some examples of Western thought that discuss the old conflict between the West and the Islamic world. The American magazine NEW YORK, in the 2 July 1990 issue, published an interview with Italian Foreign Minister Gianni De Michelis, who, at that time, held the post of chairman of the European Community's Ministerial Council. The NEW YORK correspondent asked him: "What are the justifications for staying with the Atlantic [NATO] after the elimination of the confrontation between the liberal West and the Communist camp?"

He replied: "There is another confrontation that could replace that one. It is the confrontation with the Islamic world."

The correspondent asked him: "What is the way to stop this confrontation?"

The Italian Foreign Minister sent a warning to the Islamic world when he said: "The way is for the Western model to be accepted in various parts of the world. If we fail to universalize that Western model, the world will be in ultimate danger!"

Dr. Muhammad 'Amarah commented on that: "The chairman of the European Ministerial Council says: 'Either the Islamic world accepts the Western cultural model, so that they are subservient to the West and abandon the Islamic cultural model, or the confrontation occurs'."

Another example cited by Dr. 'Amarah was the book of former American President Richard Nixon, "Seize the Moment," in which he discusses the Western and American public's image of Muslims. He says: "Many Americans look at all Muslims as enemies. Many Americans think that Muslims are uncivilized, bloodthirsty, illogical people, and that the reason for our interest in them is that some of their leaders coincidentally control certain places that contain two-thirds of the world's oil."

Nixon goes on to talk about the suspicious practices of Muslims in American minds and concludes by saying: "This image is worse even than the one with regard to the Communist Chinese, in the mind and heart of the American citizen. American observers talk about the need for the West to unite with Moscow to counter the aggressive danger of the Islamic world."

After this portrayal of Americans' view with regard to Islam and Muslims, Nixon discusses his viewpoint. He divides the trends of the Islamic world into three orientations. The first he calls reactionary, the tendency of dictatorial nationalism; the second he calls progressive, and is the secular trend. He calls for support for this example because, according to his expression, the Islamic world is connected with the West politically and economically.

Nixon warns about the third movement, calling for it to be countered. He calls this "Islamic fundamentalism", and he says it is marked by certain characteristics, most importantly, staunch hatred of the West, a determination to revive

Islamic culture, and a desire to apply Islamic law [shari'ah]. This movement also proclaims that Islam is a religion and a state, and looks at the Islamic past so as to adopt it as the guide for the future.

Fundamentalists, as they say, are not conservatives, but are revolutionaries. Nixon concludes by saying: "We must cooperate with the progressives—i.e., the secularists—in the Arab world, or else that world will ultimately become dangerous." After these references to examples of specialized and responsible academic writings in political thinking, and of academicians, statesmen, and former leaders, it should be clear even to blind men who read by braille that the West has an historic enmity towards the culture and world of Islam. From the cultural aspect, apart from economic, security, and political reasons, this hostility is escalating to counter the contemporary Islamic awakening. Its fervor increased qualitatively and quantitatively after the collapse of the Communist camp.

False Claims

Dr. 'Abd-al-Jalil Shalabi, director of the Institute of Missionary [du'ah] Preparation in Egypt, and member of al-Azhar's Committee on Religious Rulings [lajnah al-fataawi], believes that "The claim about the danger of Islam to Western culture is a false claim, and falls within the framework of the planned campaign against Islam. Islam holds no danger for European culture, but refines it and gives it a superior, elevated perspective."

Shalabi stresses that Europe's modern culture is initially derived from Muslim culture. He says, "If it were not for the Muslims in Spain, Europe's Renaissance would have been delayed for centuries. Islam is the religion of peace, not the religion of hatred. The fact that we must understand very well is that Europeans do not fear the principles of Islam, but they are anxious for Easterners not to have power."

Dr. Shalabi explained that Zionist propaganda plays an influential role in the tense relations between Islamic states and the West, because Zionism is the sole beneficiary of this tension. It is sufficient to know that the output of the American Middle Eastern Studies forum resulted from the recommendations of the American-Israeli [Political] Action Committee (AIPAC).

Community Seeks Peace

Shaykh Sayyid Sa'ud, secretary general of al-Azhar's Islamic Studies Academy, emphasized that disregarding Muslims in the so-called new world order will lead to this order's failure, and to the failure to achieve world peace.

Shaykh Sa'ud explained that "The Islamic world seeks peace, fruitful cooperation, and coordination in all areas of life with the nations of the world, especially the Western nations. It is neither reasonable nor acceptable for us to hold out our hands to them, while they consider cutting off these hands, which play a large part in achieving world prosperity, since they operate, produce, and own energy resources, raw materials, and products."

Internal Affairs**Misr al-Fatah Party Chief Removed—Details**

92AF0853A Cairo MAYU in Arabic 11 May 92 p 7

[Article by 'Abd-al-'Aziz Humaydah: "New Birth for Misr al-Fatah Party; Legitimacy Restored After Two Years of Fraud, Deceit; Ouster of 'Advocate,' Unanimous Election of 'Abdallah Rushdi as Chairman"]

[Text] Recently, members of the Misr al-Fatah [Young Egypt] Party had their say at a general convention. They overthrew "the advocate" who had taken over leadership of the party by fraud. With his supporters, he had committed many violations and had turned the party and newspaper into a private fiefdom, which brought him ample income!

In the midst of the assembled crowd of leaders and members, the Misr al-Fatah Party was reborn, and its legitimacy restored, after two years of fraud and deceit. The Sayyid Darwish Theater was turned into a political forum last Friday, 8 May 1992.

Cheers rang out for Egypt and Egyptians and for President Mubarak over a three-hour period, during which 'Ali-al-Din Salih was dismissed and Major General 'Abdallah Rushdi was unanimously elected as party chairman, by the more than 1,500 members present from various Egyptian governorates.

The members began to arrive at the Misr al-Fatah Party's emergency convention more than an hour before the scheduled time to begin. At 1400 on 8 May, the theater's entrance was crowded by many men, women, boys, and girls. All were waiting for the decisive moment to overthrow the advocate, who had polluted the reputation of the Misr al-Fatah Party and, consequently, their reputations as members.

At 1500, the theater was packed with party members in good standing, all of whom carried "the badge of the governorate they represented, with the name of Misr al-Fatah Party emblazoned on it."

The young people (from various Egyptian governorates) carried banners of support, which they hung on the theater's walls. They carried slogans supporting the correction movement of the Misr al-Fatah Party, stating: "No to Individualism, Yes to the Structure;" "We Want Clean Hands and Serious Intentions;" "Honorable People Support Honorable People;" "We Place Our Trust in New, Honest Leadership;" "We Declare Withdrawal of Confidence From 'Ali-al-Din Salih Who Has Soiled the Party;" "We Pledge Loyalty to Maj. Gen. 'Abdallah Rushdi as Party Chairman, Ahmad 'Izz-al-Din as Deputy Party Chairman, and Ahmad Shams as Party Secretary General;" "We Support Holding the Emergency General Convention Under the Leadership of Maj. Gen. 'Abdallah Rushdi and Withdraw Confidence From 'Ali-al-Din Salih;" "Serious Party Work Contributes To Solving the Nation's Problems;" "We Join Hands Together To Correct the Course;" "We Support the Correctional Movement of the Misr al-Fatah Party—No to Individualism, Yes to Sound Party Structure."

Down With The Advocate

The emergency convention to correct the course of the Misr al-Fatah Party began amid collective shouts, such as: "Down With 'Ali-al-Din Salih", "Our Hearts Are With

'Abdallah Rushdi"; "God Is Great; Glory for Our Dear Egypt Under the Democratic Aegis of President Mubarak"; "Welcome Rushdi."

Testimony

When the convention began, Fathi al-Shaykh, the media secretary, said that "history would recall every right and every truth of what you have done to correct the course of the Misr al-Fatah Party onto the correct path. Partisanship began in Egypt in 1976 under President Sadat. The experience has lived on, because President Husni Mubarak has nurtured and developed it. Without his leadership, it would not have endured. History will remember the political experience in Egypt, and the protection and freedom that President Mubarak has given it. There is no doubt that the youth of Egypt—Egypt's future—will not abuse the democratic destiny, which the President protects (shouts) "God Is great, Long Live President Mubarak."

Crooked Activism

Ahmad 'Izz-al-Din, the party's deputy chairman, said: "We are gathered today, the honorable members of the Misr al-Fatah Party, for one purpose—the good of Egypt—and on behalf of the party's course and the people of Egypt. That purpose is to support democracy and correct our course. Everyone of you is carrying out your national duty. History will remember you for this, and it will be a warning for those who allow themselves to be seduced into acting fraudulently against the masses and their democratic destiny. The previous leadership of the Misr al-Fatah Party had begun to pursue crooked activities in the name of the Misr al-Fatah Party. Moreover, the newspaper MISR AL-FATAH does not express the views of the masses, but only the views of its chairman of the board, 'Ali-al-Din Salih, and its editor, who blacken its pages with words of hatred and loathing for themselves before anyone else, since they endorsed issues for pay."

Ahmad 'Izz-al-Din praised the honorable, honest positions of Maj. Gen. 'Abdallah Rushdi, which history will immortalize. At this point, cheers and shouts rang out in support of Maj. Gen. 'Abdallah Rushdi.

Then, Ahmad 'Izz-al-Din introduced Maj. Gen. 'Abdallah Rushdi. When he stood before the microphone, shouts rang out saying "down with the advocate, 'Ali-al-Din Salih" and supporting Maj. Gen. 'Abdallah Rushdi for party chairman.

Maj. Gen. 'Abdallah Rushdi began by relating his history with the Misr al-Fatah Party. He brandished copies of documents that condemned 'Ali-al-Din Salih for fraud, and confirmed that he had given the originals to the responsible agencies.

He said that the Misr al-Fatah Party had officially emerged on the Egyptian scene on 14 April 1990. "However, the agent of the Misr al-Fatah Party's founders betrayed the trust of the powers given him by the founders and members. This lawyer appointed himself party leader fraudulently. He betrayed the trust and principles that the party's program prescribed. We were constantly shocked by his statements. A newspaper appeared, confirming that he was vengeful, malicious, and opposed to everything, as if he wanted to take us and the Egyptian people back to the gloomy past with its wickedness and burdens."

Maj. Gen. 'Abdallah Rushdi added that Article 29 of the party's bylaws stipulate with regard to the party chairman that he will not have previously been a member of a political party that significantly differs with the philosophy and program of the Misr al-Fatah Party. It is well known that 'Ali-al-Din Salih was a member of the Ummah Party, the Labor Party, and other parties and, therefore, he would have failed one of the conditions for nomination for party chairman.

In this same article, it also stipulates that the General Committee must approve the nomination of party chairman. 'Ali-al-Din Salih was not endorsed by the committee because no general convention was held or elected anyone. On the contrary, he appointed himself party chairman, and forged the election report. The report has been sent to the Public Prosecutor's Office, and the Committee on Party Affairs. Moreover, he added a new article without submitting it to anyone in the party, to the effect that as agent of the founders, he had the right to choose the party's cadre.

Accusations

Maj. Gen. 'Abdallah Rushdi added: "'Ali-al-Din Salih confirmed to me that his forging of the report of his election to party chairman was a mistake, and that in the report, he resorted to a ruse by adding Article 39, to the effect that, by virtue of his being an agent for the founders, he was considered party chairman. For all these reasons, the party's General Committee asked me on 6 April 1992, to assume the office of chairman of the party's Leadership Council and prepare to convene an emergency General Convention of the party in Alexandria on 8 May, in order to withdraw confidence from 'Ali-al-Din Salih and to explain the reasons for changing the bylaws, because everything he did was in violation of values and authorities. His primary goal was self-interest."

Maj. Gen. 'Abdallah Rushdi pointed out that 'Ali-al-Din Salih betrayed the trust that the Misr al-Fatah Party's founders and members placed in him. He referred to the fact that the only party committee that conducted free elections, in accordance with party's rules and regulations, was the Alexandria Governorate's committee. "The election was done from the rank and file to the top, and resulted in the election of the party's secretary general and assistant secretary general on 11 February 1991. My election (Maj. Gen. 'Abdallah Rushdi's election) was as secretary of the party in Alexandria for a five-year term, in accordance with the bylaws, and not by fraud or by proxies. For all of these reasons, we are holding this emergency General Convention to show Egypt how democracy should be exercised."

Finally, Maj. Gen. 'Abdallah Rushdi thanked the attendees and singled out Professor Samir Rajab, the editor of the newspapers AL-MASA'I and MAYU, and chairman of the board of the Dar al-Tahrir organization, for his efforts on behalf of restoring legitimacy to the Misr al-Fatah Party. At this point, the hall rang with fervent applause.

The members of the emergency convention adopted the following statement:

After studying the violations perpetrated by the agent for the Misr al-Fatah Party's founders, the General Convention in plenary session has decided:

1. The founders' lawyer, in his capacity as agent for the founders of the Misr al-Fatah Party, did previously submit to the chairman of the Advisory Council, in his capacity as chairman of the Committee on Political Party Affairs, on 21 April 1991, a document that contained forged signatures.

This document stipulated [his election] as party chairman, and the evidence for that was the signature of Maj. Gen. 'Abdallah Rushdi under No. 60, who was not a founder of the party, in addition to signatures of 15 members from Mahalla al-Kubra.

2. The founders' agent stated to the magazine, ROSE AL-YUSUF, on 21 May 1990 and 7 May 1990 in issues 3230 and 3232, as well as the newspaper MISR AL-FATAH, that he was preparing a group of young people to work as roving or scout teams, dressed in green shirts, to keep order in the Egyptian streets. This is a violation of the Political Party Law, because it forms militias on the political scene.

3. The founders' agent put a monetary value on each party position; for example, to be a member of the Leadership Council cost 5,000 Egyptian pounds. As a result of this practice, he collected some 40,000 pounds, which he deposited to his account in a bank.

4. The founders' agent attempted to make himself master of the party by stating that he was chairman in accordance with the text of the internal bylaws.

5. The newspaper MISR AL-FATAH followed a line hostile to Egypt's foreign policy, for the purpose of embarrassing the regime, in order to achieve personal interests and advantages.

6. He asked for an agent's commission to intervene with the Iraqi authorities to get them to pay Egyptian workers their earnings.

7. He obtained the cost of full page advertisements for the Green Book and did not pay this amount to the newspaper.

8. The party's newspaper published lies against honorable persons, which was a principal reason for the resignation of Ibrahim Zaydan, the first deputy party chairman.

9. He opened account no. 183709 in the Arab Investment Bank in the name of a little girl, Munna 'Ali-al-Din Salih, after obtaining \$100,000 as the cost of an ad for the Green Book. He deposited that amount in his daughter's name, and then bought a Mercedes, which he uses.

10. As a result of these erroneous policies, he caused honorable members of the party to resign, and damaged the party's credibility on the Egyptian political scene.

11. 'Ali-al-Din Salih harmed the Arab and Islamic nation with his statement about internationalizing the holy places, whose names are mentioned in the Koran.

12. 'Ali-al-Din Salih tried to damage national unity and social peace by stating that he would mobilize Islamic youth groups [kata'ib] and militias. This is incompatible with the Constitution and the Law of Political Parties. He also was heavily involved with investment companies.

For all these reasons, the Leadership Council, empowered by the secretary general and the General Convention (in plenary session), has decided to:

- Withdraw confidence from 'Ali-al-Din Salih, the agent of the Misr al-Fatah Party founders;
- Elect Maj. Gen. 'Abdallah Rushdi as party chairman;
- Change the party's name to the Misr al-Fatah Democratic Party;
- Amend the bylaws as is appropriate and democratic in the party's directorate, whose principles have been firmly fixed by President Muhammad Husni Mubarak;
- Abolish Article 13 of the Third Chapter and Article 37 of the Sixth Chapter, and all the articles that the next Leadership Council deems to be in the interest of the course of democracy;
- Transfer party headquarters to Alexandria;
- Empower the Leadership Council to change the bylaws and party program for the purpose of supporting the democratic course;
- Notify the Advisory Council (Committee of Party Affairs);
- Consider the Leadership Council to be in permanent session, until the party's course is corrected through the laws as set forth by the Constitution and law;
- Send a telegram to President Muhammad Husni Mubarak, supporting his wise policies at home and abroad, and wishing him a happy birthday.

New Secretaries

The names of new secretaries for the governorates were announced:

- Muhammad 'Umar Muhammad (Cairo)
- 'Adil Ghali (al-Jizah and Southwest Cairo)
- 'Id Hasan and Ahmad 'Ali al-Sayyid (Alexandria)
- Ahmad Labib and Ahmad Shams (al-Qalyubiyah)
- 'Abdallah Khalil and Samir Ibrahim Muhammad (al-Sharqiyah)
- Mustafa Mahmud al-'Azab (al-Gharbiyah)
- Kamal 'Izz-al-Din (al-Buhayrah and Wadi al-Natrun)
- Ahmad Ya'qub (al-Minufiyah)
- Muhammad al-Maghrebi and Ahmad al-Maghribi (Port Said)

Donation

'Abd-al-Fatah 'Ali Ibrahim al-Sahli announced his donation of party headquarters in the Tukh Center, in support of the new leaders headed by Maj. Gen. 'Abdallah Rushdi and businessman Ahmad 'Izz-al-Din.

Prosecution of the Advocate

In a meeting with the new secretaries, Ahmad Muhammad Ya'qub, the party's secretary general in al-Minufiyah, said: "Our convention is the first of its kind in the history of Egyptian political parties. We resolved to dismiss the advocate and choose Maj. Gen. 'Abdallah Rushdi."

Ahmad Shams, the party's secretary general in Qalyubiyah said: "I am calling for legal prosecution against 'Ali-al-Din Salih and his gang, so that they may be an example for all who allow themselves to be seduced into plotting against Egypt and the Arab nations. I offer my deepest appreciation and the gratitude of party members in al-Minufiyah [sic] to all who attended this convention, for ousting 'Ali-al-Din

Salih and dispersing the strife and plots between us and the Arab nations. We declare our support for the new party chairman and his deputy."

Rasmiyah al-Hurayri, women's secretary in the al-Munakh section of Port Said, said: "The supporters of 'Ali-al-Din Salih tried to prevent us from going to Alexandria to attend the convention. They tried to threaten some of the young people, but their attempts came to nothing."

We were shocked by the burning, before dawn on 8 May, of one of the buses reserved for us by the Mundial Tourist Company to transport us to Alexandria. The fire began under the bus, but this did not stop us from coming. We hired another bus and came to Alexandria. We ousted 'Ali-al-Din Salih and elected a new, honorable chairman."

Editorial Calls for Reason Over Extremism

92AF0831B Cairo AL-AHRAM AL-DUWALI in Arabic
13 May 92 p 7

[Article by Salah-al-Din Hafiz: "The Capacity for Reason...and Extremist Strife"]

[Text] It is easy to exonerate ourselves by saying that the bloody clashes called sectarian strife in some cities and villages are ordinary incidents, or acts of revenge. It is also easy to accuse others—interlopers from abroad—as solely responsible for igniting such strife. It is even easier every morning and evening to sing that the country is fine, its mountains firm, unshaken by the wind, and blessed with safety and security.

These are all easy. What is taking place on Egyptian soil, however, is not by any means easy. When these incidents, be they individual, revenge-related, or imported from abroad, are repeated, concatenate, grow, and escalate, they become a "general condition" requiring treatment that is decisive, comprehensive, and urgent as well. Extremist groups hiding behind religion and cloaked in Islam, which is totally innocent of their acts, have decided not just to harass Christians, our national partners and brothers in blood, spirit, language, and culture, but to challenge our entire society, by considering it "enemy territory" that must be destroyed, and they say so in their literature, pamphlets, and publications.

Destruction of society as a whole, its Muslims, its Christians, its rulers, and its ruled, then, is the ultimate objective chosen by some extremist groups. In order to do so, however, they work on achieving other interim objectives, the most important perhaps being to challenge state authority and to shatter its public stature by alarming the public, Copts in particular, through the random murder of innocent people, as happened in the village of Munsha'at Nasir in Asyut governorate on 4 May, by killing the police themselves as happened in al-Fayyum, and so on through all the brazen challenges being carried out in broad daylight. This allows them to tell their supporters and opponents alike that they have the ability to challenge and to impose their decisions and methods, while the state is unable to protect its citizens, to impose its law, or to assert its stature.

As we address this complicated subject, however, it helps to realize that religious and racial extremism exists everywhere, in our country, and in backward as well as advanced countries, and that its manifestations are many and obvious.

We should also be aware that extremist factors motivating struggle, confrontation, and strife are internal, arising out of local conditions as well as external factors of incitement, financing, and encouragement.

As we attempt to deal with the current form of extremism practiced by certain groups in Egypt cloaked in religion, we have to keep a number of points before us for close examination, if we are really serious about confronting it and ending the strife threatening the very foundations of our existence:

1. Although extremist religious thought is a stranger to Islamic liberalism and Egypt's well-known history of tolerance, in recent years it managed to penetrate our borders and find certain encouraging soil, especially in poor districts, ramshackle housing areas, and among concentrations of illiterate, poor, unemployed, frustrated, and desperate people. Evidence of this is that the most significant acts of extremism and strife have occurred in Imbabah, 'Ayn Shams, and al-Zawiyah al-Hamra', some of Cairo's poorer crowded districts. They have also generally occurred, and still do, in the governorates of Upper Egypt, especially Asyut, al-Minya, al-Fayyum, and Bani Suwayf, since that entire region continues to be second behind Lower Egypt as the focus of socioeconomic development. Consequently, it remains characterized by continued isolation, violent temperament, poverty, illiteracy, and bare subsistence.

2. Having grown quickly in this environment and benefitted from external backing and assistance, extremist groups now feel they are capable of challenging state and society. As a result, they are conducting a test of strength with both. In order to achieve numerous objectives, they generally choose to direct their blows at the Coptic minority, in the belief that they are the weakest link. They then quickly move on to strike at other locations and links, in a series of tests of strength through assassination, the killing of security officers, or the imposition of their "private law" on certain remote villages or poor quarters, as in the village of Kahk in al-Fayyum, the Wabur al-Miyah quarter in al-Minya, and Munsha'at Nasir in Asyut.

By practicing Islamic religious punishments, closing retail shops, even mosques and churches, flogging one person, or breaking the bones of another, they are basically attempting to overthrow the law of society, diminish state authority, and establish their own, if only temporarily.

3. In confronting extremism's daring audacity and the disintegration it engenders, the security treatment will not work by itself. Simply using violence to counter violence is useless. A frustrated, desperate extremist enters the test of strength battle armed with violence, knowing that he will kill, and then be killed. He is both killer and killed.

4. Beyond decisiveness and imposing the authority of the law on all citizens, the real treatment is for the state to take a clearer, more profound look at many of its social, economic, and cultural policies, because poverty, unemployment, and frustration lead to desperation, then rejection of society, and finally desperate extremism, be it religious, intellectual, or moral. Everyone is on drugs, whether real or vicarious, compelling them to challenge and terrorize society and revolt against its authority, by fleeing either to cocaine or to terrorism.

In demanding such a comprehensive treatment of the phenomenon of extremism and the practice of violence, we feel we should take great pains to look into "the informational intellectual address" that certain people are exploiting. They spread poisons that infuse society with additional amounts of extremism, violence, and counterviolence and fan religious, social, and intellectual hatred among simple people.

A major writer in a widely read magazine, for example, should not be allowed to write denying the existence of Christianity, alleging that it terminated with the end of Christ. Another writer should not be allowed to incite hatred for other non-Islamic divine beliefs, to provoke derision of their followers, and to call for them to be shunned, while true Islam calls for something else.

No newspaper, regardless of how unknown it is, can be allowed to publish undocumented reports about large-scale operations to convert children in Shubra to Christianity, while another responds with the opposite news that Christians are being forcibly converted to Islam in this location or that.

In the same manner, pamphlets cannot be allowed to be printed and distributed that incite Copts to acts of revenge against extremist Islamic groups. Were this to happen, it would neither protect the Copts, nor hurt the extremists. As the bitterness, hatred, and organized violence, planned with such meticulous and conspiratorial care, accumulate, however, we are all being pushed towards drowning in the quagmire of a civil war like that which Lebanon endured for 17 years, before awaking to the total destruction of Christians, Muslims, the nation, the state, and an entire society which came to naught.

Our capacity to reason alerts us to the dangers of the murderous strife being conducted by certain people. Let us pass swiftly through the dismal hour ticking away within our entire society, so aggravated by incidents of violence and stupid extremism. We must not behave with a grief-stricken spirit, or think with a victim's mentality, when what is required is to pluck the nation out of its cave of grief, its enslavement to crisis, and its murderous strife, as well.

Banking, Finance, Labor Laws Before Assembly
92AF0853B Cairo AL-AHRAM AL-DUWALI in Arabic
24 May 92 p 1

[Article: "Government Refers Draft Legislation to People's Assembly Dealing With Agricultural Relations, Banks, Financial Market, Workers"]

[Text] On 23 May 1992, the government referred several draft bills to the People's Assembly. They included a bill pertaining to workers, which increased salaries 20 percent, and added one of the old raises, which is tax exempt. There was also a bill with regard to settling cases of workers who obtained higher qualifications during service, which includes the stipulation that this period be added to their service time, or seniority. Another bill amended certain banking regulations.

Prime Minister Dr. 'Atif Sidqi announced to the assembly that the government will send it a draft bill concerning relations between the owner and lessee of agricultural land; a bill to reorganize the financial market; and, a bill to protect the rights of authors and to calculate the value of artistic works, which would provide increased protection for literary and artistic works.

The prime minister said that the government, with the bills it was referring, will have fulfilled its obligations, with the exception of the Law of Localities, "which I am requesting be postponed until the next session, because it is a major bill."

The prime minister stated: "Our basic goal is to lower the deficit and achieve increased economic development. We have succeeded in reducing the budget deficit to a considerable extent, since it has been lowered from 25 percent to 7 percent. We hope to reduce the deficit to 4.5 percent."

The prime minister said that this huge accomplishment "was due to the assembly's support for the government in its program, and confirms that the Egyptian economy has begun to stabilize. We hope it continues."

With regard to economic development, the prime minister said that 10 billion Egyptian pounds had been allocated for that purpose this year, with another 14 billion pounds earmarked for trade purposes.

The prime minister said: "We are pursuing an emancipated economic policy, which is not incompatible with our social development plan. The plan defines feasible means to implement the planning."

"The private sector is operating with excellent rates and will take over the government's responsibility. We will support it in large part by productive activity, either in infrastructure works or services."

"The government will study the People's Assembly's requests within the limits of available resources."

The members' discussions emphasized that the education and health sectors—with the approval of scarce resources—must obtain their full share of resources, without any encroachment. The government must take into account that dealing with the problem of unemployment can only be done through serious projects that will guarantee the creation of real job opportunities that can make a contribution to resolving this problem.

Parliament Seeks Deposit Insurance Corporation
92AF0830C London AL-SHARQ AL-AWSAT in Arabic
15 May 92 p 10

[Text] Cairo—The Egyptian parliament [People's Assembly] has asked to pass on the process of insuring bank deposits—which the government is determined to implement—to an independent institution, as is the case in countries with advanced financial markets. A report prepared by the parliament's economic committee revealed that private foreign currency deposits in the family sector rose from \$83 billion at the end of June 1990 to \$93 billion by the end of the following year—a growth rate of 17 percent. The share of family sector foreign currency deposits in total foreign currency deposits, however, had decreased from 59 percent at the end of June 1990, to 47 percent by the following June. The report indicated that total loans and bank advances in local currency had increased from 55.3 billion Egyptian pounds in June 1990, to \$82.4 billion by the end of the following June, a rate of growth of 49 percent. However, as the report said, that is due to the change in the foreign currency exchange rate and its effect on the real value of those balances. The report explained that the private and family sectors' share of these accounts dropped from about 46.5 percent at the end of June 1990 to 36.4 percent at the end of June 1991. The Egyptian parliament's economic committee confirmed that the policy of economic reform and reliance on market mechanisms and the efficient use of the instruments of monetary policy require a strong central bank with ample, full powers to promote a monetary policy suitable for economic developments. It called for the need to enact a new bank and credit law quickly, to close any likely gaps and achieve coordination and integration among monetary and economic policies to prevent negative effects.

Foreign Debts Converted Into Investments
92AF0784E London AL-SHARQ AL-AWSAT in Arabic
4 May 92 p 9

[Text] Cairo—A report published by the Egyptian [General] Investment Authority has mentioned that Egypt has succeeded in converting \$600 million worth of foreign debt into share capital in production projects in the past two years.

The report, prepared by Dr. Muhi-al-Din al-Gharib, President of the authority's executive office, showed a 20.7 percent increase in capital investment in projects falling under Investment Law 230 of 1989 in the last two years, versus 6.3 percent in 1988. It is expected to reach 25 percent next year.

There are 1,848 investment projects under the investment law, with capital estimated at 13.422 billion Egyptian pounds, at an investment cost exceeding 23.6 billion pounds, of which 1,562 projects are inside the country and 286 are in the four Egyptian free [trade] zones.

Total Arab participation in Egyptian investment projects as of the end of last year reached nearly 2.94 billion pounds, a rate of 19 percent, of which 1.9 billion is inside the country, and the remainder in the free zones. Total Egyptian participation has reached 8.3 billion pounds, a 60-percent share of the total participation in the investment projects' capital.

New Five-Year Plan More Self-Reliant

92AF0784D London *AL-SHARQ AL-AWSAT* in Arabic
6 May 92 p 10

[Text] Cairo—Dr. Kamal al-Janzuri, Egyptian deputy prime minister and minister of planning, has confirmed that 58 percent of investment in the new five-year plan (154 billion Egyptian pounds) will be funded by the National Investment Bank, 25 percent self-financed, and 17 percent loans and credit.

He said that 63.5 billion will go to the country's administrative system, local government, and service and economic agencies; and 89.5 billion to the private and business sectors, in which government intervention will end as of the first of July.

He pointed out the limited role of international funding in the coming period, which would be directed to meet the needs of developing countries, especially areas of the Middle East, and that there was only \$80 billion left to fund these extra needs after the Gulf War, the reconstruction of unified Germany, and structural reform in the states of East Europe and the new Commonwealth [of Independent States]. All these reduce the developing countries' chances for funding, and require more self-reliance.

He said that investments in the first year (1992-1993) of the new five-year plan was nearly 25.5 billion pounds, of which 10 billion will go the country's administrative system and service and economic agencies. The private and business sectors are to receive 15.5 billion pounds.

He mentioned that the new Egyptian budget was nearly 62.5 billion pounds.

He said that the new plan aimed at raising gross domestic production to 131 billion pounds in 1992-1993, a growth rate of nearly 4 percent in 1991-1992 prices. This figure should rise to 161 billion pounds by the end of 1996-1997, a growth rate of 5 percent.

The minister said that Egypt had spent 172 billion pounds in the last 10 years, or nearly a quarter of the national revenue. Of this, 78 billion went to basic construction, 23 billion to refurbishing and renovation, and the remaining 71 billion to complete settlement and renewal projects. Local national production rose from 21 billion pounds in 1981-1982 to 125 billion in 1991-1992.

New Five-Year, 1992-93 Fiscal Year Plans Viewed

Planning Minister Reports

92AF0816A Cairo *AL-AHRAM* in Arabic 7 May 92 p 7

[Article: "Dr. al-Janzuri's Report on New Five-Year and 1992-93 Plans: Five-Year Plan Relies on Full Exploitation of Production Capacities and Elimination of Waste; Increasing Production and Domestic Saving Rate; Private-, Public- Sector Participation in Development According to Market Mechanisms; Channeling Public Business Investments Toward Replacement and Renewal Processes and Toward Completion of Projects Under Implementation"]

[Text] In his report to the People's Assembly yesterday on the five-year plan and the upcoming fiscal year plan, which begins on 1 July, Dr. Kamal al-Janzuri, the deputy prime

minister and planning minister, stated that the five-year plan relies on fully exploiting production capacities, eliminating waste, enhancing the production standard and the domestic saving rate, private-sector participation in development and in the public business sector according to market mechanisms, and channeling this sector's investments toward the replacement and renewal processes and toward completing projects already under way, while curtailing foreign borrowing and providing work opportunities to nearly 638,000 graduates annually during the plan years.

In his report, the deputy prime minister asserted that one of the significant mainstays of the new five-year plan is full utilization of production capacities to attain the production objectives of better quality at lower cost in order to ensure competitiveness in the domestic and foreign markets. Moreover, eliminating waste and loss in the production process and the distribution channels is likely to contribute to reducing cost. Thus, enhancing capacity relies on several mainstays, of which the most significant are:

- Enhancing productivity in all production and service areas and raising investment efficiency. Domestic saving, which provides accumulated capital, is as significant. Thus, the third five-year plan seeks to raise productivity and the domestic saving rate.
- Borrowing for projects capable of enhancing the country's ability to service its foreign debt, provided that the yield expected from the project is at least enough to service the debt.
- The private sector will make a positive contribution to and will perform an ever-greater role in development. Units of the public business sector will operate according to the market mechanisms. This will be coupled with a change in the tasks of some executive agencies so that they will devote greater attention to conducting studies, drafting policies, proposing projects, and following up on this sector's activity throughout the national economy.
- Attention should be devoted to the issue of regional distribution, the significance of which becomes evident when measuring investment efficiency against the proper elements of business establishment, and to the issue of population resettlement according to the requirements of economic, social, and environmental considerations.
- Production quality should be enhanced and costs should be reduced in order to enhance exports and to compete in foreign and domestic markets, thus meeting domestic needs with products that can compete with foreign products in quality and price. Efforts should also be made to enhance the value added and increase exports.
- It is necessary to devote attention to regional cooperation in a world in which blocs are growing. The ideal instrument for cooperation among the sisterly and friendly Arab states is the instrument of joint projects that are simultaneously implemented in the region's countries. The establishment of such projects should not be confined to governments only. It would be healthy if the initiative in this regard is transferred to the production units and if such projects are managed on purely economic principles.

- Adopting a population policy based on encouraging family planning and population resettlement is pivotal in planning and fundamental in economic development according to a local and national strategy.
- Ownership of production units in the governorates, of joint companies, and of some public-sector companies should be transferred to the private sector according to a timetable. Public investment spending should also be squeezed so it will be confined to top-priority projects insofar as the government is concerned and to the narrowest limits possible insofar as the public sector is concerned. New projects or new production lines that can be established or implemented by the private sector should be avoided by the government and the public sector.

Fiscal Policy Objective

Dr. al-Janzuri asserted that the fiscal and credit policies are designed to provide an adequate currency supply that can confront the needs with elements of the domestic liquid assets that are needed to accomplish the development objectives and achieve targeted production and gross domestic product rates and to meet the needs of the economy's periodic changes. This represents the main objective of the currency and credit policy.

An adequately flexible appropriation of the currency resources will help to achieve the plan objectives, to absorb the inflationary pressures that accumulated in past periods, and to continue to control the inflationary pressures by managing the domestic liquidity in a fashion that approximates the currency expansion rate and the real growth rate in the gross domestic product.

Soft-Term Housing Loans

The five-year plan is also based on fundamentally linking the soft-term loan policy to housing objectives and on making use of foreign grants and aid to finance the funds to which these objectives are entrusted, without saddling the state general budget with these burdens. It is also based on carrying on with the economic reform programs and on working to gradually reduce the gross and net general budget deficit, with the provision that this reduction be made continuously so that the gross deficit by the end of the plan will amount to no more than 3 percent of the gross domestic product. The plan is based, moreover, on curtailing foreign borrowing, whether in the form of direct loans or of credit facilities to finance investment projects, so that the Egyptian economy's intrinsic capability to finance development will be enhanced while taking into account the saving capacity and the mobilization capability and ensuring that the domestic product portion withheld from [local] consumption is compatible with the plan's general objectives of enhancing society's living standard.

Consumption Spending Policy

The plan seeks to streamline both public and private consumption spending by correcting the government's administrative structure in a way that eliminates whatever repetition or duality may exist in providing some services, that leads to the smooth performance of government work without administrative and bureaucratic complications, and that streamlines the service performance requirements by establishing patterned rates determined on the basis of

studying the actual needs in each government agency and according to the nature of each agency's work. The plan seeks, moreover, to expand the role the armed forces play in the civilian domains, not to mention the contribution they make by providing vocational training in some crafts, considering that this contribution is an effective element in squeezing training and preparation costs. The plan further seeks to develop the methods of the Family Planning Agency in order to streamline its consumption spending and to channel its activity primarily to the areas and social groups that are characterized by large families, especially poor quarters and the countryside. The plan also seeks to lead consumers, through the various media, to economize in their consumption of various goods and purchase the appropriate amounts and to guide them to and make them aware of the alternatives.

Housing and Wage Policy

This policy is based on curtailing population growth with inducements and incentives that call for encouraging and organizing emigration in a manner that serves the public and private interest and ensures the emigrants' rights by curbing domestic emigration that leads to increased open unemployment (especially in the urban areas) at the expense of masked unemployment in the countryside and by linking vocational education and training to the labor market and to the needs of the economic activities.

Dr. al-Janzuri said that the five-year plan focuses on basic and intermediate technical education to enhance the capability and quality of the workforce and to increase demand for this force in jobs more productive than those performed currently by illiterate workers, thus producing benefits to the workers and to the economy in general and enhancing the economy's capacity to grow and to create new employment opportunities. The plan also focuses on conversion training as a temporary solution to curtail unemployment among educated youth (the group most heavily afflicted with the unemployment malady) in the short run. It also seeks to alter society's traditional view of education and work—a view that often stands between educated people and their employment in vocations or crafts that are in demand and of which there is little supply.

Small Projects

The plan also focuses on promoting the creation of small industrial, rural, and environmental projects by small savers who wish to be self-employed (or become businessmen) and on gathering such people in industrial and agricultural complexes supported by companies or cooperatives that provide various services to any self-employed individuals who want such services. In establishing such complexes, consideration is given to the integration of their various projects or to creating a number of major industries that act as magnets, attracting small projects that spring up around them and that act as suppliers to these major industries.

Export Promotion

In dealing with the outside world, emphasis must be put on promoting exports. Export activity should rely on small projects, as is the case in numerous countries in Southeast Asia. Land reclamation should be expanded, and new communities should be established because they provide investment opportunities and, consequently, create new employment opportunities, especially for the youth groups who are

more likely to be unemployed and to suffer from the burdens of unemployment. The retirement age should also be reduced, or older employees should be encouraged to leave their jobs at an early age, especially when the job does not require its holder to have advanced expertise or lengthy specialized training. The employment and wage policies should also be coordinated. A policy aimed at containing unemployment and gradually approaching full employment must take into account the relative growth rate of the costs of labor and capital when determining the wage levels.

Employment Policy

The deputy prime minister stressed that coordination of the employment policies and the planned currency and fiscal policies also entails drafting a complete and immediate employment and wage-setting policy that applies only to the government and the public sector. As for the private sector, the government role should be confined to establishing general laws and regulations that ensure the establishment of good labor relations, a minimum wage limit, and social security. Efforts should be continued to introduce the corrections needed to improve starting salaries for appointed graduates, to entrench the principle of incentives and performance allowances, to provide a cost-of-living allowance, to permit the granting of leave-without-pay, and to make decisions on loaning employees to other countries. The system of social insurance should continue to be expanded. A wage system based on making a distinction between the various degrees of difficulty and on the degree of education, training, and experience a job requires should be established. The system should also make a distinction between the importance of the various economic activities in the process of building and developing society.

Invitation to Private Sector

The plan also focuses on inviting the private sector to replace the governorates as owner of their production projects, to replace the public works sector in the joint projects, and to acquire the ownership of some public business sector companies or increase its partnership in such companies. The plan focuses, moreover, on inviting the private sector to implement nearly half of the total investments, to contribute to the upsurge in exports, to curtail imports, and to provide new employment opportunities.

The plan also continues to focus on establishing an appropriate data base, which is what the specialized agencies, including the investment, statistics, planning, and other agencies, are trying to create. It further seeks to end the disparity in the prices of inputs on which the private sector depends, to provide a complete infrastructure to the lands fit for investment in the new communities, to ensure that the raw materials necessary for production are provided without any administrative impediments, to intensify the efforts to draw up clear maps for reclaimed lands, to secure the infrastructure needed for the reclaimed areas, to provide loans, to offer exemptions to attract labor to the reclaimed lands, and to complete the laws to establish the best relationship between landlord and tenant, whether in arable lands or in housing real estate. In addition, the plan seeks to improve the export laws, to promote exports, and to open appropriate markets in the East and in the West. This

requires strengthening our trade representation agencies abroad, as well as outfits that represent businessmen.

The 1992-93 Plan

The plan for the next fiscal year seeks to implement projects valued at 25.5 billion pounds, representing nearly 17 percent of the total five-year-plan investments. Nearly 10 billion pounds, representing approximately 39 percent of the total investment, will be channeled toward the administrative apparatus projects and the projects of the service and economic authorities. The remaining sum, amounting to 15.5 billion pounds, represents the investments channeled toward the projects of the public business sector and the private and cooperative sectors. Nearly 22.7 billion pounds of these investments will be financed with domestic savings, including 5.7 billion pounds from the National Investment Bank, 11.9 billion pounds from the intrinsic resources of public and private parties, and 5.1 billion pounds from other domestic sources. We will rely on the outside world for 2.8 billion Egyptian pounds, amounting to 11.2 percent of the total investment spending.

Four Percent Growth in 1992-93 Production

The 1992-93 plan seeks to increase domestic production at an estimated rate of 4 percent, thus raising its value by nearly 8.4 billion pounds. This sum includes 4.7 billion, representing nearly 56 percent of the total increase, in the commodity production group, which will grow at an estimated rate of 3.8 percent. Nearly 2.6 billion pounds of the increase, representing nearly 31.3 percent of the total increase, will be in the production services group and will grow at an estimated rate of 4.3 percent. Nearly 1.1 billion pounds of the increase will be in the social services group.

Furthermore, the plan seeks to correct the structural flaw in the balance of trade by increasing commodity exports at a rate that exceeds the import increase rate so that the agricultural and industrial exports will grow at an average annual rate of 14.8 percent, amounting to 12.2 percent in the first year of the plan, while the commodity—both consumer and semiprocessed goods—import increase is kept at an average annual rate of 3.5 percent, amounting to 3.4 percent in the first year of the plan.

Finance Minister Reports

92AF0816B Cairo AL-AHRAM in Arabic 7 May 92 p 3

[Article: "Finance Minister: 'New Budget 62.5 Billion Pounds, Net Deficit Just 2.4 Billion; 15 Billion Pounds for Social Welfare, 2.9 Billion for Increased Wages'"]

[Text] Yesterday, Finance Minister Dr. Muhammad al-Razzaz submitted to the People's Assembly the state's general budget for the new fiscal year, 1992-93, which represents the first year of the third five-year, 1992-97, plan.

Dr. al-Razzaz announced that the new budget amounts to nearly 62.5 billion pounds, exceeding the 1991-92 budget by approximately 8 billion pounds. The budget's gross deficit will amount to 9.2 billion pounds, of which 6.8 billion will be financed with domestic and foreign loans. Thus, the net budget deficit will amount to nearly 2.4 billion pounds.

The finance minister asserted that financing with loans will not exceed 2.7 percent the total budget and said that total wages in the new budget amount to nearly 10 billion pounds

and that a similar sum goes for the investments of the administrative apparatus, the local government, the service and economic agencies, the Central Bank, and the National Investment Bank.

The minister pointed out that the 10 billion pound sum for wages includes ordinary periodic and incentive allowances, new labor wages, the cost of the new 20 percent social allowance, and the cost of adding 20 percent of the previous social allowances to the basic salary. He added that the cost of the special new social allowance will amount to 1.48 billion pounds and that the ordinary and incentive allowances and new labor wages add another billion pounds, meaning that wages have risen by 2.48 billion pounds.

Dr. al-Razzaz emphasized the new general budget's concern with the social dimension, considering that the budget contains nearly 15 billion pounds for social welfare, including 3.88 billion for subsidies, 5.43 billion for education, research, and youth, 1.303 billion pounds for health, social, and religious services, 287 million pounds for cultural and information services, 1.047 billion for the government's contribution to the social insurance for workers of the administrative apparatus, the local governments, and the service authorities, and 3.39 billion pounds for the pensions shouldered by the public treasury and determined prior to promulgation of the social insurance law, al-Sadat pension law, the social security pension law, and the other forms of aid.

The draft budget also contains nearly 1.9 billion pounds to secure the operation and maintenance requirements, compared with 1.4 billion in the current budget.

The minister also emphasized the budget's eagerness to streamline the official delegations' travel to the outside world, adding that the Finance Ministry will keep an eye on this travel.

Minister al-Razzaz further asserted that the draft budget is eager to meet the public debt's domestic and foreign obligations. The interest and costs of the domestic public debt are estimated at nearly 1.3 billion pounds in the draft budget.

The minister added that even though the rescheduling of foreign debts allows a grace period for the repayment of these debts, the Finance Ministry, out of its eagerness not to saddle future generations with the burden of these debts, has embraced a policy that is likely to saddle every fiscal year with its share of this burden, setting aside the share in the Central Bank under the debt-servicing account. He said that the foreign debt interest is estimated at nearly 5.3 billion pounds in the new draft budget.

The public debt's domestic installments are estimated at nearly 1.8 billion pounds, whereas the its foreign installments are estimated at 2.9 billion pounds.

Consortium Aids Financing of Privatization

92AF0784C London *AL-HAYAH* in Arabic 1 May 92 p 9

[Text] Cairo—In the first initiative of its kind by the Egyptian private sector, a group of Egyptian investors in Madinah al-Ashir min Ramadan [10th of Ramadan City] have agreed to establish a private company whose basic task

will be to provide financial liquidity to assist investors and businessmen in buying Egyptian public sector and joint sector projects.

In the meeting of the company's constituent assembly—chaired by reputable Egyptian businessman Mr. Muhammad Farid Khamis, proprietor of the "Oriental Weavers" companies—about 70 businessmen and investors, most of them owners of factories and companies in Madinah al-Ashir min Ramadan, paid 100 million Egyptian pounds as the first phase of founding the Madinah al-Ashir min Ramadan Company to support the privatization program.

An official source in the new company said that it would be able to get loans from international institutions and Egyptian banks to increase its ability to purchase the companies that the government puts up for sale.

This new indication is the Egyptian businessmen's reaction to reluctance to take part in the economic reform program's success.

Egyptian Prime Minister Dr. 'Atif Sidqi has spoken on more than one occasion of the difficulties that the government faces when projects are put up for sale. The governorates have still been unable to sell all the local projects. No more than 70 percent have been sold, even though the value of the projects' assets was lowered, and there are 263 joint companies that have not sold off the government's share. Thus, it is expected that the new company will play a larger role in increasing the Egyptian market's capacity to absorb the companies put up for sale.

A large number of economists point to the Madinah al-Ashir min Ramadan investors' group's growing role in driving economic development. They founded two companies, the first of which is a currency exchange firm that will meet and direct the needs of Madinah al-Ashir min Ramadan's companies (350 factories and companies); and the second of which is to export products from Madinah al-Ashir min Ramadan companies to various world markets, along with managing the companies' production from abroad.

Oil Production Figures Reviewed

92AF0830A London *AL-HAYAH* in Arabic 7 May 92 p 10

[Text] Abu Dhabi—Dr. Hamdi al-Banbi, Egypt's Minister of Petroleum and Mineral Resources, has announced that Egypt's income from crude oil over the past 10 years was about \$53 billion, of which approximately \$36 billion is local consumption of petroleum products at world prices, and \$17 billion was balance of payments surplus.

He said in an interview with "Oil and Industry News," put out by the Ministry of Petroleum and Mineral Resources in the United Arab Emirates, which was published yesterday, that Egypt's strategy in the oil sector was aimed at reaching four major goals: for oil production to cover all its petroleum needs; for production to support an oil reserve; for oil to continue to be an important source of national revenue; and to be a major source of foreign currency, which Egypt needs for comprehensive development goals.

Oil Reserve

The Egyptian minister confirmed that Egypt's reserve of crude oil and gases had risen in the past 10 years, from about 4.143 billion barrels to about 6.165 billion barrels, an increase of about 2.052 million barrels, in addition to the quantities produced between 1981-1991, which amounted to 3.5 billion barrels.

He added that Egypt's production of crude oil had risen from 32.1 million tons in 1981-1982, to 45 million tons in 1990-1991. It should remain steady at this level (about 900,000 barrels per day) in the coming period.

Production of gases and their derivatives was also expanded, from about 2.3 million tons in 1981-1991 [sic] to 8.2 million tons in 1990-1991. Refinery output doubled from about 15 million tons annually in 1981-1992 [sic], to about 28.7 million tons annually in 1990-1991.

Al-Banbi said that, in the same period, Egypt had increased the lengths of oil and gas pipelines in Egypt to 500 km to carry crude oil to refineries and onward to major consumption sites.

He pointed out that Egypt's consumption of petroleum products and gases rose, in the same period, from 25.8 million tons to about 27 million tons, an increase of only 3 percent, as a result of the oil sector's continued policy of directing consumption and having gas take the place of other petroleum products used as fuels.

He explained that local consumption of petroleum products and natural gases had reached nearly \$3.671 billion in 1981-1982 and risen to about \$4.567 billion in 1990-1991, going by world prices. Total consumption in the past 10 years was about \$36 billion.

He confirmed that the policy of the Egyptian oil sector intended to boost available refining capacity to meet increased local consumption needs, and to provide a higher refining capacity, of about 15-20 percent of total available capacity, to be exploited in emergencies. This is in addition to distributing refining capacities in accordance with major consumption needs in the region.

Refinery capacity has doubled in the last 10 years, from about 15 million tons per year to about 28.7 million tons per year.

Serious Shortfall in Cotton Exports Reported

92AF0853C London *AL-SHARQ AL-AWSAT* in Arabic
16 May 92 p 10

[Article: "Serious Shortfall in Egyptian Cotton Exports; Delivery Problems Lead to Loss of Traditional Markets"]

[Text] The Egyptian Government has failed to market its cotton crop in foreign markets this season, which began in September 1991. Cotton exports have so far totaled only \$83.2 million, while last year's amount was \$136.8 million.

A responsible Egyptian economic source explained that there has been a general decline in demand for cotton and textiles during the past two years, attributable to international changes that occurred in the countries of Eastern Europe and the Gulf war, and to the recession that has dogged Western Europe and the United States.

The source also said that the decline of cotton exports was also due to the fact that the Egyptian Government has not applied its new policy aimed at gaining back Egypt's traditional cotton customers, through the allocation of an appropriate quantity for export, regardless of production volume, and by announcing the start of trading in Egyptian cotton in foreign markets earlier than has been done in past years. September 30 will be set as the start of trading, instead of the end of November, in order to exploit opportunities in foreign markets.

This source confirmed that the government's intervention in the marketing operation, especially cooperative marketing, had a negative effect, because it led to lower profits for the producers. This in turn led to the shortfall of Egyptian cotton exports, aside from not freeing the production, marketing, and trade of cotton and cotton products from all obstacles. The most important of these was the abolishment of the subsidy on production and export, aimed at encouraging the producer to obtain the biggest possible return for his production.

These factors also resulted in a decline in Egypt's share of world cotton production, from 3 percent during 1985-86 and 1986-87 to 2 percent in 1987-88 and 1989-90. It then dipped even lower in 1991. With regard to countries that have the highest production averages per acre, regardless of quantities produced or means used, Egypt has fallen back to 11th place, in terms of production average, among the world's cotton producers. Egypt's average was 5.94 qantars per feddan during the period 1988-89 to 1990-91, despite the fact it had occupied third place after Guatemala in 1979-80 to 1981-82.

A report of the Egyptian Chamber of Commerce ascribed the drop in Egyptian exports of superior long-staple cotton of 42 percent last year, and medium-quality long-staple cotton of 87 percent, to the decline in cotton productivity, which has resulted in shortfalls of amounts available for export. Consequently, the amounts requested by foreign markets, and the commitment to deliver to local mills some 5.5 million qantars of cotton annually, cannot be met, even if production were less than that. The report states that the most important country to which raw Egyptian cotton is exported is Russia, occupying first place with 20.5 percent of total exports. Russia is followed by Japan, with the same percentage; Czechoslovakia with 14.8 percent; Italy and Korea with 11.4 percent each; and, Yugoslavia, Switzerland, Britain, and China, with 5.2, 3.3, 2.9, and 2.9 percent, respectively.

Concerning problems that the cotton crop faces, which have led to its decline for the fifth consecutive year, reaching 5,169,000 metric qantars of cotton fiber for the 1991 season, a rate of decline of 17.5 percent compared with 1990, the report refers to the decline of the actual planted share, amounting to 851,000 feddans in 1991, a drop of 14 percent over what it was the previous season. Despite that, the average yield per feddan reached 5.93 metric qantars in 1991.

The report pointed out that there were two basic reasons for the decline of the Egyptian cotton crop: the planted area, and the productivity average per feddan. The first reason was attributed to the drop in the Egyptian fellah's profits from planting cotton, and his inclination to plant other,

more profitable agricultural crops. This has resulted in penalties being imposed upon him for not planting cotton, represented by monetary fines, in addition to his being prevented from obtaining fertilizer at subsidized costs. The planted average has also declined as a result of an imbalance in the crop structure of agricultural lands.

The report was clear with regard to the decline in the feddan's productivity average. It credited that to delaying the cotton planting date, because some farmers intentionally delay this date, so that they can obtain additional winter crops, because of the brief period between the winter crop preceding the cotton planting, and the date for planting cotton. Other factors include the cotton crop being afflicted with nontraditional insect attacks and diseases, the deterioration of stocks used, pollution of Egyptian seeds, the effect of ground water, inefficient drainage system, imprecise systems of irrigation, and lack of established dense, tree lines for protection. In addition, the report listed the use of petroleum-based fertilizers, which lead to pollution of the soil and damage to the plants, and the importing of seeds and their requirements, which damage the Egyptian seeds and spread the diseases accompanying these seeds, resulting in the crop's collapse, despite giving increased productivity at the outset.

The report also stated that Egypt has turned to importing cotton from abroad—especially from the United States—to cover the rest of the local mills' cotton requirements.

Port Said Free Zone Scene of Illegal Trade

92AF0784A London *AL-SHARQ AL-AWSAT* in Arabic
8 May 92 p 9

[Text] Cairo—Egypt's private sector has benefited from floating the currency and allowing the establishment of currency exchange companies, especially as the pound's value has seemed stable for about one year. But in Port Said, the city that has witnessed the birth of a large number of Egypt's millionaires, having become a free zone in the 1970s, the liberalizing of the exchange market represents a threat to the activity that these millionaires used to control.

This city, situated at the northern entrance to the Suez Canal, on the Mediterranean Sea, was celebrated in the past for its "bumboating" [port traders in small boats peddling items to passengers on ships at anchor] or fishing, but after its transformation into a free zone, this trade disappeared, and its traders have turned to currency trading and customs clearance, and selling clothing and such things, in addition to other illicit activities that have taken over the secret economy in Egypt. Occasionally, the issues of smuggling or illicit trade surface, and, for example, a young customs clearer of 24 was arrested last week in possession of \$154,000 that he was intending to sell to one of the undercover officers from the Public Funds Administration. These traders work outside of the free zone, as they are still prohibited from plying their business inside it. It is well-known that currency trading in Egypt is restricted to banks and licensed currency exchangers.

The amount, which is equal to half a million Egyptian pounds ("half a rabbit"), the fruit of bumboating, was confiscated. It was said that the young millionaire turned it over to the administration, and sought to negotiate with them to ease his return, once more, to his activity on the

sidewalks of the famous port, where he can easily replace it, or, as they say, "raise rabbits."

It was well known that in the fall of 1975, after the victory of October 1973, the Egyptian Government of the time decided to recompense Port Said and all the canal cities for the days of suffering that they endured during the Israeli occupation of the eastern bank of the canal, the Sinai, and the total destruction of all their buildings. Port Said was proclaimed an open city, with everything in it open to the import of meat, jeans, and even the exchange of money.

Right away, activity began to spread through the city's rough streets, and right away there were 22 currency exchange offices in Port Said, and the same number in Suez, and a group of 44 merchants took control of all the dollars in Egypt's 26 governorates. Big merchants and exporters from Cairo began to make a practice of going to the free zone to procure currency and export permits, far from the complications of government, commercial banks, and the like. The money changing networks expanded, and the "bumboaters" roamed into all the governorates, seeking dollars. The governorates of al-Sharqiyah, al-Minufiyah, and al-Daqahliyah in Lower Egypt, and Asyut in the heart of Upper Egypt, turned into repositories for dollars moved by all sorts of means into the free zone, where the price of the dollar reached the limits of multiplication, compared to the price in Cairo; in 1980, it was worth two pounds in Port Said and 76 piasters, officially, in Cairo. The bumboaters of Port Suez were not as lucky as those of Port Said; they lived on the crumbs they found from ships passing through the canal: ropes, thread, ship sails, leftover paint, and dollars. Their take from these crumbs would go to the money changing offices, whose proprietors became masters at supplying Port Said with their yield, in accordance with a prior agreement between the two cities, which are both under the control of Hassan Abu-Ridah, Port Said's biggest money changer and the absolute master of its affairs.

Before the currency market was liberalized, the Public Funds Administration, which is entrusted with monitoring currency trading, stood at the border of the governorate, searching for dollars in passengers' bags before they entered the sanctuary of Port Said, wherein the laws of Egyptian bank secrecy were applied, which prevented the [authorities from] curbing any illegal transactions. Despite the ample harvest that the administration reaped at the border, that did not prevent dollar smugglers from entering the zone and leaving it with suitcases full of Egyptian pounds, turning Port Said into a lab for breeding millionaires. According to an approximate figure, before the establishment of the free market system for the dollar in November last year, there were about 80 millionaires, most of whom have fled to Europe and America, leaving the smaller merchants to finish the job.

The dollar is not the sole master of the game in Port Said. There is another kind of millionaire, which has come in through the drug trade. This drug trade has transformed Port Said, thanks to their activity, into a major transit port for drugs. [The drugs are placed in] floating tires, which constantly lie on the sandy shores of Port Said, stretching from the al-Manakh district in the south to Isma'iliyah in the north. The drugs are packaged and prepared for sale in Port Said. So it is not strange that the files of the Counter-narcotics Administration in Cairo contain the famous affair

of the "Reef Star," which had about 10 tons of drugs in its hold. It was seized on the beach at Port Said in 1985, one of the largest intravenous drug smuggling operations in all Egypt.

A third kind of millionaire grew rich in the used clothing business. They lived by themselves in another world, roaming as they pleased. The passing ships would bring, in addition to ropes and junk, used and cheap clothing from the people of Europe and America, and would throw bundles of them on the banks of Port Said, where bumboaters would pick them up, rewash them in seawater, iron them, and sell them to people who come from the cities and villages of Egypt. Port Said's entry records list numbers of visitors, averaging 20,000 Egyptians per day, who spend tens of thousands of pounds on used clothes. Port Said brings in every kind of jeans for Egypt's youth, and also purveys the "suitcase trade." These people enter Port Said loaded with pounds and leave [with suitcases] bulging with clothes, watches, accessories, and even false eyelashes and makeup. The director of the Currency and Smuggling Department in Cairo's Public Funds Administration, Brigadier General 'Abd-al-Rahman Ghaniyah, says that modern smuggling methods were invented in Port Said, and that every sort of secret economy—drugs, currency, and the like—have the trademark of Port Said, which has maintained its right to circumvent law enforcement.

Over the years, the former bumboaters of Port Said have turned into a strong empire numbering in the millions, but this empire is heading toward collapse, if it has not collapsed already. The cries for help from harsh conditions have become a common denominator among its people. There are many reasons for this. The tougher hand of the Counternarcotics Administration along the Port Said banks has prevented adventurous drug shippers from anchoring along the sands of the Port Said shore. They send their green tires [inner tubes], with the drugs inside, to other wider and less-guarded shores in southern Sinai, Alexandria, and elsewhere. The sister cities of Port Fu'ad and Port Tawfiq, along with al-Qantarah al-Gharbiyah, and al-Qantarah al-Sharqiyah, have attracted many consumers of used clothes. With the introduction of imports and open-door [infitah] companies to the profitable world of used clothes, and with [the introduction of] contracts with multinational clothing companies to manufacture their designs in Egypt, the luggage trade and used and cheap goods empire is collapsing.

Finally, there are the recent measures to liberalize exchange rates, to close down money changing offices in Port Said, and to convert them to official exchange companies under the Ministry of Economy in order to strike down the millionaires. Some of them fled to Europe and America, and others fell like autumn leaves into the hands of the Egyptian police.

The Egyptian Ministry of Economy's battle to eliminate the money changing millionaires in Port Said lasted two whole years. The two sides traded accusations and the Port Said people surrendered to the new currency exchange laws. Eleven currency exchange companies came into official existence, and the empire of the Group of 44 collapsed. But does that mean the end of the era of millionaires in Port Said? The matter is not that simple, as Lieutenant Colonel Muhsin Radi, Chief of the General Funds Unit in Port Said, says. The leftovers from passing ships yield only about \$2 million per year, and Port Said's export and commercial capacity requires \$160 million per year, according to the ministry's official and unofficial estimates. The difference between these two figures is what brings in the little millionaires, among them the young customs clearer arrested this week.

Mining To Open to Private Investment

92AF0830B London *AL-SHARQ AL-AWSAT* in Arabic
15 May 92 p 10

[Text] Cairo, AL-SHARQ AL-AWSAT bureau—The Egyptian Ministry of Petroleum and Mineral Resources has completed a plan for a new law allowing the private sector and its companies to invest in the field of mining and quarrying for the first time.

A ministry official said that the law would soon be introduced to the Egyptian parliament [People's Assembly] to discuss and enact it. It is seen as a step in the context of activity in a market economy and reliance upon its mechanisms.

On another front, the Egyptian Geological Survey Authority discovered the mineral tircon [possibly typo for zircon, or zirconium], which is used in the manufacture of ceramics, at a rate of 5 percent in the black sand east of Port Said.

The new discovery makes it possible to save \$20 million, the cost of Egypt's mineral imports to cover the needs of its public and private sector ceramics factories.

The mineral is found on the Mediterranean coast between Rosetta (Rashid) and Rafah, in addition to other accompanying minerals, such as granite, almanate [aluminite], and magnetite.

On yet another front, the survey authority has begun to implement an intensive project to search for coal in various areas, from the central Sinai and the eastern and western deserts, to create more coal reserves in Egypt.

The researches agree that there are more than 16 million tons of coal in the al-Rakab region, located west of the al-Maghara coal field.

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